

## **FINAL STATEMENT OF REASONS**

### **1) The Update to the Initial Statement of Reasons**

There are no changes to the initial statement of reasons, which is hereby incorporated by reference, with the exception of the following:

- Vehicle Code Section 11500 is being added as a Reference to section 253.02 to describe occupational license holders who are Dismantlers.
- Vehicle Code Section 11601 is being added as a Reference to section 253.02 to describe occupational license holders who are Lessor-Retailers.
- Vehicle Code Section 11700 is being added as a Reference to section 253.02 to describe occupational license holders who are Dealers, Distributors, Manufacturers, Remanufacturers and Transporters.
- The Reference to Vehicle Code Section 11208 in Section 345.16 of the proposed text has been deleted. The information previously cited by this section has been removed.

There is a change to the information concerning public discussions of proposed regulations under Government Code section 11346.45 as described in the Notice of Proposed Regulatory Action published on July 15, 2005:

#### **PUBLIC DISCUSSIONS OF PROPOSED REGULATIONS**

In order to increase public participation and improve the quality of regulations, prior to publication of the notice required by Government Code section 11346.5, the department involved parties who would be subject to the proposed regulations in public discussions regarding those proposed regulations. Information concerning those discussions are contained in Attachments A and B.

### **2) Imposition of Mandate on Local Agencies or School Districts**

The department's regulatory action adopting Section 253.02 and amending Section 345.16, Chapter 1, Division 1, of Title 13, does not impose any mandate on local agencies or school districts and imposes (1) no cost or savings to any state agency, (2) no cost to any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code, (3) no other discretionary cost or savings to local agencies, and (4) no cost or savings in federal funding to the state. No studies or data were relied upon to make this determination.

### **3) Summary of Comments Received and Department Response**

*W-1 COMMENT: Ken Harrison of San Diego County Traffic School Association  
(Received via e-mail dated August 10, 2005)*

Mr. Harrison explains that, with the annual license renewal, his business association also submits a Classroom/Branch Renewal Application, form OL 737. He requests that the annual renewal requirement remain the same because DMV should have an annual update as to where classes are being held.

Mr. Harrison also states that some schools within the San Diego County Traffic Violator School Association have 50, 100, and in some cases, 200 classroom locations and the financial burden that would come from paying a doubled classroom renewal fee every two years would be insurmountable.

Mr. Harrison acknowledges the department's proposal to stagger renewal dates and maintains that it should not affect the traffic school licenses. He states that the license renewal date should not change as the current renewal dates are used as an integral part of his member's strategic planning process.

Lastly, Mr. Harrison requests that leaders of the California Traffic School Association (CTSA) be included as they were not involved in any of the initial discussions and mailings from the department.

#### ***RESPONSE:***

The department is aware that there is a small percentage of schools that annually renew anywhere from 50 to 200 classroom locations. These regulations may have a significant impact on those schools. In responses from a survey and previous discussions with Traffic School and Driving School Associations, it was understood that the benefits afforded by proper oversight and maintenance of licensing records, as a result of implementing a two-year term renewal, would outweigh any concerns of restructuring the renewal license fee consistent with the new two-year term license.

There are no provisions to allow for the renewal of classroom/branch locations to be different than the owner's license. In fact, California Code of Regulations, Title 13, Section 345.16(b) specifies that, "Branch business office and classroom licenses for each school expire at the same time as the owner license, regardless of the application dates for the branch and classrooms. These licenses shall be renewed in conjunction with renewal of the owner's license."

The department has historically objected to producing the Traffic Violator School classroom location list and has argued that the publication has already become somewhat obsolete because most courts utilize their own list of schools and do not provide the

DMV list as it is published. The department has continued to argue that the list essentially provides a form of free advertisement for traffic violator schools that is not afforded to any other occupational license. Additionally, most courts contract with a Court Assistance Program (CAP) to perform services related to the processing of traffic violator and utilize the CAP's list of schools. These CAP's are also responsible for auditing/monitoring the schools on behalf of the court.

These regulations would not affect the staggered renewal date as described by Mr. Harrison. Existing schools would maintain their current expiration date (month/date) but the year would be extended as prescribed by the new regulation Section 253.02.

Finally, the department has updated its mailing list to include the leadership of the California Traffic School Association (CTSA) as requested by Mr. Harrison, however, the portion of his letter stating that CTSA was not involved in any initial discussion is inaccurate as the Occupational Licensing Division provided a period for the industry to respond to the two-year occupational license proposal. During this comment period, the department received positive comments from the President and Vice President of CTSA.

#### **4) Determination of Alternatives**

No reasonable alternative considered by the department, or that has otherwise been identified and brought to the attention of the department, would be more effective in carrying out the purpose for which these regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed regulations. During the rulemaking process, no alternative that would lessen the adverse economic impact on small business was submitted.